



Marketing in Hawaii's Arts-and-Crafts Industry

Some people feel that Hawaii's arts-and-crafts industry is growing rapidly. Their conclusions are based on casual observation. Craft fairs have increased from one or two each year in the early 1970s to a peak of about 325 in 1992. Currently there are about 250 held each year. However, because data are not collected, little is known about the market structure of the arts-and-crafts industry or its contribution to Hawaii's economy. No universal definition of "crafts" exists, but the term generally includes any item that is designed and hand-produced by the same individual.

Industry surveys

Two surveys were conducted in 1994 to get a better understanding of marketing in Hawaii's arts-and-crafts industry. Arts-and-crafts producers ("creative professionals") were surveyed by voluntary completion of a form published in the March and May 1994 issues of *Island Craft Bulletin*. The purpose of the survey was to find out more about who is making arts and crafts and how they are selling their products. A second survey of consumers was carried out at the Art Hawaii Festival at Thomas Square in Honolulu on August 20–21, 1994, to find out about the kinds of arts and crafts that people want and where they buy them.

Producers

The survey of creative professionals resulted in 327 usable responses. The responses from people who produced arts-and-crafts as a hobby were not used. However, it is not possible to determine if those are representative of all creative professionals in Hawaii. The average age of creative professionals returning the survey was 44 years, and 83 percent of the respondents were female. The people in the survey had been in business an average of 8 years. The arts-and-craft business was the sole source of income for only 19 percent of those who answered;

the remainder had additional sources of income.

Gross sales of the respondents averaged \$12,799 per arts-and-craft business in 1993. While all respondents had some sales for the survey year, several reported that they had no sales in some years. Arts-and-crafts businesses used a variety of marketing channels to sell their products (see pie chart on p. 2). The majority of the sales volume of arts-and-craft businesses was through craft fairs (42%), followed by home sales (21%) and store sales (15%). The remaining portion of sales (22% of sales volume) was composed of a variety of other marketing channels.

Consumers

Arts-and-crafts buyers attending the Arts Hawaii Festival completed 312 surveys. The respondents included only people who attended this craft fair and may not be representative of all consumers. Most of the respondents were males (74%), with an average age of 44 years, resided in Hawaii (85%), and had at least some college education (88%). Their average household size was 2.9 people. "Uniqueness" was listed as the most important factor when buying arts-and-crafts products, followed by "quality" and "price."

People who completed the survey indicated that they spent an average of \$374 per year on arts-and-crafts products. This expenditure was spread over a variety of types of arts and crafts (see pie chart). Clothing products (30%) and jewelry (18%) accounted for almost half of their total expenditures on arts-and-crafts products, followed by fine art (13%), glass and ceramics (10%), and wood products (8%).

The arts-and-crafts purchases of those surveyed were mostly (almost 90%) made at craft fairs and retail stores (see pie chart). Only a small proportion of purchases were through a private sale or other market outlet.

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Summary and conclusions

The results of our survey of creative professionals indicated that arts-and-crafts businesses are similar to other home-based businesses, which generally are run by females as a source of supplemental income.

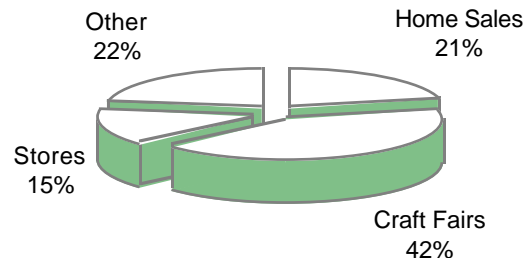
Direct marketing through craft fairs and home sales was the primary sales method used by creative professionals. In contrast, our survey of consumers indicated that about a third (31%) of purchases of arts-and-crafts products were made at retail stores. This indicates a difference between where creative professionals are selling their products and where consumers are buying them. Craft fairs and home sales will probably continue to be important to creative professionals, but alternative outlets such as retail stores deserve attention as a way to boost sales. The development of retail market channels appears to have the potential of both providing additional value to consumers and making arts-and-crafts products more available.

Most of the consumers surveyed were well educated residents of Hawaii, the "upscale" segment of the resident population. Visitors tend to have socio-economic characteristics similar to these upscale residents. Current marketing methods used by arts-and-crafts businesses are not taking full advantage of the potential purchasing power of visitors. Marketing of products through established retail stores, particularly those frequented by visitors, may be a way creative professionals can better reach the visitor market.

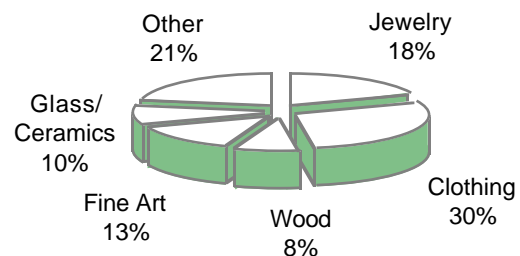
The consumer survey indicated that the primary consideration in the purchase of arts-and-crafts products was uniqueness. If the respondents attending that crafts fair are representative, constant product innovation will be necessary to attract sales and result in growth in arts-and-crafts businesses. Quality was an second important factor for the survey respondents. Therefore, creative professionals must produce high-quality products and ensure that consumers are informed about the high quality of the products. Price—and the related production cost—of arts-and-crafts products is also an important factor in decisions to purchase. Therefore, costs, particularly the labor required for hand-made items, must be monitored to ensure that prices are not too high.

Survey results on sales and purchases of arts-and-crafts products.

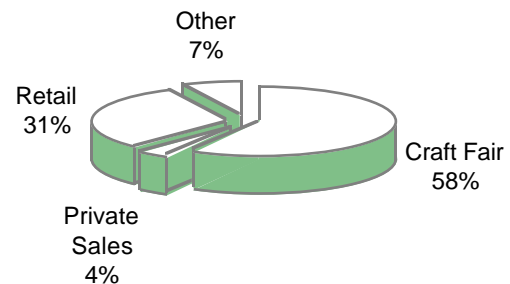
Sales by outlet



Purchases by product



Purchases by outlet



Marketing appears to be the biggest challenge facing creative professionals developing arts-and-crafts businesses. Market channels that reach the largest possible pool of potential consumers must be explored. These potential consumers must also be made aware of the uniqueness and quality of the arts-and-crafts products creative professionals provide.

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